INFORMATION LETTER

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Consumers' Division Issues "Prologue to Prices" Report

Walton H. Hamilton, head of the Consumers' Division of the N. R. A., has issued a "Prologue to Prices," which is the first part of the Division's price study and which will be available later in printed form.

Mr. Hamilton states that the "prologue" points the direction to be taken by subsequent reports of the price study, which will consider prices of the milk, gasoline, ice, automobile tire, automobile, whiskey, paper, mayonnaise and cottonseed industries as they act to make available or deny goods to the consumer. The studies also inquire into the meaning to consumers of parity price theories, the cost formula for price, and recent price behavior. The Division's statement says in part:

Prices, it has generally been assumed, are set by the free operations of a wholesome competition. But, as Dr. Hamilton remarks, "The studies of the actual operation of competition are far fewer in number than the theoretical accounts of how competition is supposed to work." There is no truth or comfort in the old explanation of competitive price-making as "an organized system which works automatically towards the realization of proper social ends." The Consumers' Division staff, Mr. Hamilton explains, sees price-making rather as "an important mechanism which is consciously to be employed for desired objectives," i.e., a higher standard of living for the American consumer.

All efforts at recovery, Mr. Hamilton points out, have in one way or another been pointed at problems of price.

"It is its strategic place," he said, "which suggests to many that the most feasible means toward many industrial objectives is through the indirection of price influences." Price, it is stressed, is the control switch most easily used to set the industrial order moving in the direction we want it to go. All very true. But it is to be constantly remembered that the same switch can just as easily start the economic machine in reverse. Hastily or blunderingly manipulated it can bring disaster. Action must be based on full, exact, and specific knowledge.

In an approach to the problem, industry after individual industry must be observed in action, to find out how prices are made in each case, and to see how satisfactorily in terms of human needs they manage to serve the interests of the producers and consumers of each commodity.

Mr. Hamilton states "it is necessary to inquire whether there is one way of price-making that marks all industries and accordingly a single answer to the problem of price policy; or whether industries are marked by types or fall into classes; or whether the fact of heterogeneity is so pervasive that there is no escape from a policy which gives a great deal of attention to the particular case." The latter conclusion clearly emerges from "A Prologue to Prices."

Part of Milk Price Study Made Public

The Director of the Consumers' Division of the N. R. A. made public Thursday the first portion of a study of the milk industry's price structure which is being carried forward by staff economists.

The report is stated to be merely an introduction to the subject and to concern itself with the background of the industry. The second phase of the study will deal more specifically both with the industry's problems and with possible means of increasing consumption of milk.

In order to provide the proper approach to these more specific questions, however, the initial report points out what are termed pertinent findings as follows:

1. That a "buyer's choice" is an "absolute fiction," because the milk for any community comes from a limited area, the farmers must meet the same public health regulations, pasteurization is a purely mechanical matter of manipulating temperatures, and distributors meet the same local health laws.

2. That the farmer is at a great disadvantage in the process of establishing prices in the milk industry.

3. That the job of testing milk purchased from the farmer might be "given to a public weigher and tester" or be supervised by "some agency of the government," because the distributor who now handles the task stands to gain if he tips the milk cans so that a small portion of milk remains in the can to be drained out later, or if he is conservative in reading the butter fat content which determines the farmers' price.

4. That retail milk prices at present represent a "compromise agreement between organized producers and distributors" with the consumer "too unimportant even to be consulted."

Hearings Set on Labor Provisions of Voluntary Agreements

The National Recovery Administration has issued notices of public hearings on the labor provisions of proposed voluntary agreements pursuant to the provisions of Section 4(a) of Title I of the National Industrial Recovery Act, for the wholesale tobacco trade, October 29th; candle manufacturing industry, November 1st; specialty paper products industry, November 1st.

The notices of hearing are accompanied by copies of the labor provisions proposed by the respective industries.

Industries Considering Trade Practice Conferences

The Federal Trade Commission in its report of activities during the month of September states that representatives of the following

industries appeared before the trade practice board, or individual members thereof, in connection with proposals looking to trade practice conferences: Advertising typographers' industry, steel tubular and fire box boiler industry, mirror manufacturing industry, fire extinguishing appliance manufacturers, motor vehicle retail industry, silk and rayon printing industry, cocoa and chocolate manufacturing industry, scientific apparatus makers industry, water ground mica industry, leather goods manufacturers, and fabric glove industry.

Federal Trade Commission Starts Agricultural Investigation

Proceeding with its investigation of agricultural income under the Wheeler Resolution the Federal Trade Commission has prepared a questionnaire to be mailed to the primary manufacturers and processors of farm products, including cattle, hogs, cotton, tobacco, wheat, milk, eggs and potatoes.

The schedule will call for the amount of purchases of each of these primary products and the sales of the principal products manufactured or processed from each of these primary products, together with comprehensive balance sheets and income statements for recent years, in order to ascertain the investments, profits and rates of return on investment.

With respect to sources and growth of capitalization and assets, the schedule will call for information on condensed balance sheets, the amounts of securities issued for cash, for acquisitions of property, etc., and a comprehensive analysis of surplus accounts for a considerable period of years. The schedule will also call for a report of the salaries, additional compensation, and total compensation, of the officers of the corporations manufacturing and processing the farm products set out in the schedule.

This first schedule will go to some few hundred primary manufacturers and processors of principal agricultural products whose names and addresses have been listed by the Commission's staff. Subsequent schedules prepared in similar form will be mailed later to the subsequent manufacturers and distributors of these and other principal farm products to be covered by the Commission's investigation.

Townson Appointed on Statistics and Information Committee

In last week's INFORMATION LETTER there was announced the personnel of the new Committee on Statistics and Information, with the exception of a member representing New York State and New England. Dr. Douglas B. Townson of the Curtice Brothers Company, Rochester, New York, has been named by President Orr to represent New York and New England.

Fruit and Vegetable Market Competition

CARLOT SHIPMENTS AS REPORTED BY THE BUREAU OF AGRICULTURAL ECONOMICS, DEPARTMENT OF AGRICULTURE

Commodity	Week ending Oct. 19		Week ending Oct. 12	Total for season through Oct. 19	
	1934	1935	1935	1934	1935
Vegetables:					
Beans, snap and lima	124	86	27	12,708	9,639
Tomatoes	326	563	488	23,639	22,048
Green peas	62	95	132	6,362	7,017
Spinach	7	41	14	77,089	5,581
All other vegetables:					
Domestic—					
Competing directly	2,995	2,795	3,599	71,559	54,695
Competing indirectly	475	534	468	71,412	72,986
Imports, competing indirectly	54	66	54	243	250
Fruits:					
Citrus, domestic	1,362	2,093	1,702	128,609	150,485
Imports	14	16	4	507	416
Others, domestic	2,705	5,276	4,105	75,924	71,026

Grocery Chain Store Sales in September

Daily average sales of chain grocery stores for September showed an increase of 4½ per cent in dollar volume as compared with September, 1934, and were 7½ per cent above the same month of 1933, according to preliminary estimates of the Bureau of Foreign and Domestic Commerce.

Sales for September increased approximately 6½ per cent from August, or considerably more than the average increase between these two months during the past several years. Total sales for the first nine months of 1935 were about 3½ per cent above those for the corresponding period of 1934.

Northwest Tree Fruit Marketing Agreement Terminated

An order terminating the marketing agreement and license for handlers of northwest fresh deciduous tree fruit grown in Washington, Oregon, Montana, and Idaho, and designating the members of the Control Committee as trustees to liquidate the affairs of the committee, has been signed by the Secretary of Agriculture, it has been announced by the Agricultural Adjustment Administration, effective October 18, 1935. This marketing agreement and license became effective in October, 1933. Both the agreement and the license were practically inoperative during the latter part of the 1934 shipping season as a result of lack of cooperation from shippers in an important growing area.

License for Cling Peach Canners Formally Terminated

An order terminating the amended license for canners of cling peaches canned in California, effective October 18, 1935, and desig-

nating the Control Committee as trustees to liquidate the affairs of that committee has been signed by the Secretary of Agriculture. This action was considered advisable inasmuch as the marketing agreement which this license supported expired by its own terms on June 30, 1935.

Emergency Relief Diets Include Canned Foods

A recent publication from the nutrition division of one of the emergency relief organizations in a large city lists the following canned foods among their recommendations for their clients: Tomatoes, corn, peas, salmon, evaporated milk, baked beans, as well as canned vegetables without specifying others than the ones already mentioned. This particular relief organization has been using effectively the material sent to them from the Home Economics Division of the National Canners Association.

Relief organizations throughout the country are emphasizing the use of canned tomatoes in their infant feeding recommendations, and practically all relief organizations are trying to help their clients spend to good advantage the money allowed for food. As these organizations buy in large quantities, every effort has been made to furnish them helpful material for the utilization of canned foods.

California Date Agreement and License Terminated

An order, terminating the marketing agreement and license for California date shippers, effective October 9, and designating the members of the Control Committee as trustees to liquidate the affairs of that committee has been signed by the Secretary of Agriculture. Termination was requested by certain groups of growers, and concurred by the date control committee. Since the recent amendments to the Agricultural Adjustment Act do not provide for minimum prices in agreements and orders, operation of this agreement could not be effectively administered, as a provision for fixing minimum prices for various grades of dates was the principal method of control contained in the date agreement.

New French Canned Sardine Paste

A cannery for the manufacture of an alimentary paste made from fresh sardines, perfected after three years of experiments, is to be opened in France, according to the American consul at Nantes.

It is claimed that the paste may be served as a hors d'œuvre with fresh butter, as a sandwich filler, or as a stuffing for hard-boiled eggs. There is said to be no similar product on the market, anchovy paste differing particularly in that it may be manufactured from dried fish,

whereas the process of manufacture for "Cream of Sardines" requires the exclusive use of fresh fish.

The new factory will commence operations at the close of the normal sardine canning season, which usually lasts from June to October. However the first few months of operation will be experimental, and no difficulty in securing a sufficient number of fresh sardines for an initial output of 50,000 boxes is anticipated. The first cans produced will be cylindrical, opened by means of a key in the center, in order that the product may be readily removed from the can. Outside the can the paste will have somewhat the aspect and the consistency of sausage.

Canned Food Exports in September

The following tables, computed from records of the Department of Commerce, show the exports of the principal canned foods during the month of September and during the first nine months of 1935 as compared with the corresponding periods of the preceding year.

Articles	Sept., 1934		Sept., 1935	
	Pounds	Value	Pounds	Value
Canned meats, total	1,378,917	$456,228	827,633	$258,588
Beef	212,371	73,928	116,232	36,593
Pork	948,942	340,295	441,262	156,411
Sausage	137,544	30,002	125,479	28,796
Other	80,010	12,003	144,660	36,788
Canned vegetables, total	3,191,712	292,303	3,532,346	355,963
Asparagus	1,262,463	156,475	1,592,414	211,735
Baked beans, and pork and beans	435,407	21,740	366,804	17,823
Corn	161,155	10,473	272,007	18,701
Peas	507,103	39,011	484,617	40,846
Soups	219,753	23,599	291,700	27,448
Tomatoes	359,464	21,623	242,104	17,437
Other	246,367	19,382	282,610	21,973
Condensed milk	797,182	100,236	235,067	26,844
Evaporated milk	2,758,713	170,475	2,382,950	155,179
Canned fruits, total	23,031,855	1,794,978	62,161,074	4,504,800
Apples and applesauce	699,244	29,209	2,288,145	92,960
Apricots	957,284	88,020	3,529,222	266,389
Berries, other	77,566	9,952	133,004	16,301
Cherries	228,747	21,385	206,176	21,507
Fruits for salad	3,299,554	357,962	7,468,541	766,410
Grapefruit	91,142	7,484	3,189,195	176,460
Loganberries	128,031	10,575	468,936	34,128
Peaches	5,773,591	412,457	27,654,921	1,806,994
Pears	8,060,845	570,968	11,965,230	829,021
Pineapple	3,280,388	247,872	4,475,372	340,518
Prunes	54,895	5,092	98,356	5,860
Other	380,568	34,002	683,967	57,652
Canned fish, total	11,411,174	1,172,721	12,600,440	1,628,037
Mackerel	803,770	32,474	191,802	9,604
Salmon	6,930,105	881,875	6,590,740	1,205,585
Sardines	3,127,979	176,191	5,073,177	303,883
Shellfish	541,208	79,018	627,776	88,146
Other	8,112	3,163	116,936	20,819

Articles	Jan.-Sept., 1934 Pounds	Value	Jan.-Sept., 1935 Pounds	Value
Canned meats, total	12,466,565	$4,026,298	9,943,532	$3,396,877
Beef	1,662,378	588,466	1,708,815	577,198
Pork	9,286,843	3,158,796	6,761,312	2,466,382
Sausage	1,004,647	223,291	768,439	197,543
Other	512,697	85,745	704,966	155,754
Canned vegetables, total	26,097,979	2,584,804	26,348,526	2,684,260
Asparagus	15,320,267	1,781,770	14,355,203	1,780,820
Baked beans, and pork and beans	3,051,305	164,055	3,567,134	199,905
Corn	1,262,563	91,055	1,254,467	99,069
Peas	2,202,448	178,730	1,957,476	160,824
Soups	1,220,910	138,118	1,531,332	164,969
Tomatoes	1,192,988	79,044	1,266,688	85,652
Other	1,847,498	152,032	2,416,226	193,021
Condensed milk	6,356,070	788,572	3,808,446	471,439
Evaporated milk	28,862,726	1,799,521	24,888,955	1,663,967
Canned fruits, total	193,046,376	13,868,971	196,697,472	14,590,730
Apples and applesauce	7,116,399	274,195	11,402,379	488,012
Apricots	11,397,658	860,122	14,722,452	1,136,790
Berries, other	384,922	41,971	553,505	65,127
Cherries	1,017,900	124,500	1,038,820	108,179
Fruits for salad	28,795,096	2,918,961	25,815,869	2,763,439
Grapefruit	22,613,821	1,241,244	28,469,758	1,647,017
Loganberries	3,091,390	235,828	3,979,773	276,285
Peaches	49,795,139	3,254,413	47,786,636	3,347,528
Pears	48,609,975	3,306,383	44,349,169	3,266,676
Pineapple	17,892,968	1,409,138	16,033,816	1,258,645
Prunes	496,356	49,187	492,704	40,263
Other	1,834,752	153,029	2,052,591	192,769
Canned fish, total	66,071,585	6,991,679	66,486,983	7,438,348
Mackerel	2,735,271	122,786	1,526,226	75,108
Salmon	36,629,459	5,042,796	35,022,470	5,172,264
Sardines	23,847,177	1,364,296	26,510,119	1,672,705
Shellfish	2,713,395	412,033	2,601,167	400,208
Other	146,283	49,768	827,001	118,063

Spain Prohibits Machine Operations in Olive Industry

A ministerial order of September 18, 1935, prohibits the use of machines for grading, pitting and stuffing olives, according to a report from the American commercial attache at Madrid. This prohibition is to be effective as long as the present "unemployment crisis" in Spain continues.

The preamble to the order states that the use of machines by the olive industry has been a major factor in the unemployment problem, and points out that with the aid of an olive-grading machine one man and ten women can grade a quantity of olives in an 8-hour day which would require the work of three men and 48 women, if done by hand.

It further states that an attempt is now being made to introduce machines for the pitting and stuffing of olives and that the unemployment problem would become even more serious if the government permitted the use of machines to take the place of the present method of stuffing and pitting olives by hand.

New Tomato Variety for New York State Developed

It is believed by the New York Agricultural Experiment Station at Geneva that tests conducted by them for the past nine years, to develop a variety which would meet the exacting requirements of a good commercial sort for that state, have produced one which is very promising. It has been named "Nystate" and is being propagated for more extensive trials. Every year 30 to 60 varieties have been tested by the Experiment Station and some that have proved desirable elsewhere have failed to meet the exacting needs of New York canners. Nystate is early maturing and it is hoped that it combines the other qualities of color uniformity, size and yield that are necessary to the canning industry in New York State.

"Foods for Christmas Gifts"

Canners will recall that in 1931 the National Canners Association through its advertising in magazines during the Fall months sought to popularize the giving of canned foods as Christmas gifts. The retail trade, with the assistance of jobbers and canners, made the campaign quite successful.

Since that time the "Progressive Grocer," a monthly journal for retail grocers published in New York City, has each year promoted a "Foods for Christmas Gifts" campaign, and it has just recently issued an attractive folder urging that retail dealers start right now upon their plans for the coming Christmas season. The folder states that the "Progressive Grocer" will carry on a vigorous program reaching 75,000 of the leading grocers, will tell them how to put on their campaigns and provide posters and streamers for stores, windows and trucks, as well as mats and appropriate illustrations for use in advertising.

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